62nd ANNUAL GENERAL MEETING

27 October 2010

Despite difficult conditions in many of the Group`s markets, particularly South Africa, the order book improved by 16% to R49 billion (of which R45 billion is over the next 3 years) in the quarter to 30 September 2010. There have been improvements in Engineering SADC (6%), Cementation Group (86%) and Clough (19%), offset by reductions in Construction SADC (7%) and Middle East (18%).

Market conditions for construction products increasingly reflect the depressed levels of activity in the domestic construction sector and the strong SA Rand.

The prospects statement included in the 2010 annual report lists the following qualifications for growth in the current financial year:

1. Order book development;
2. General economic activity, especially in South Africa;
3. Settlement of major project final accounts;
4. Reduction of working capital;
5. The closure or disposal of underperforming assets; and
6. Progress with the Eskom power program.

The Group has experienced significant delay and change of scope at the hands of its major project clients and their professionals over the past few years. The working capital consequence is an increase in borrowings and cost of finance. This is expected to peak in the half-year to 31 December 2010 significantly higher than the previous comparable half-year and to a lesser extent on the previous six months to 30 June 2010.

Working capital relief would normally occur through the conditional release of funds by a client on the basis of probable liability, subject to final determination through final account or formal dispute resolution. It is believed that the global financial crisis has impacted client liquidity, thereby placing an unfair and unexpected funding burden on contractors including Murray & Roberts.

The Group and its partners have mobilised significant resources to engage this challenge. In the meantime, Murray & Roberts continues with its prudent recognition of revenues relative to its rights of recovery for dealing with the disruption and change in scope on major projects

A few markets served by the Group have become increasingly stressed, with little probability of improvement in the medium term. A program of closure and/or disposal of underperforming assets has been initiated for implementation within the financial year, subject to regulatory process.

Eskom has announced its funding agreement with the South African Government for the current phase of its capital works program. The South African Government has also released its draft Integrated Resource Plan for Electricity in which the nuclear and the Kusile build programs are shown as substantially delayed compared to previous indications.

The Gauteng Freeway Improvement Project and other significant road construction and rehabilitation programs are rapidly drawing to a close. Tender submission for the Winelands Toll Road Concession has been delayed to 1 November 2010, with adjudication expected to take between 12 and 18 months. The Wild Coast Toll Road Concession is expected to be released for tender during the first half of calendar year 2011. The public private partnership correctional services tenders remain unopened since bid submission on 29 May 2009.

Residential and commercial building activity remains at a low ebb, with data on building plan approvals giving little immediate comfort for increased activity in these sectors.

The strong SA Rand against major currencies and other factors including electricity price increases and supply uncertainty, continue to constrain mining and industrial capital expansion in South Africa.

On a positive note, the South African Government has repeated its commitment to a significant program of infrastructure investment, underpinning the long term growth prospects for the construction and engineering sector. In the short term, the global economy appears vulnerable and South African domestic fixed investment is depressed. This is exacerbated for

Murray & Roberts by ongoing delays to the current power program, causing a slower than planned conversion of order book to revenue.

Prospects

For continuing operations, revenue and operating profit for the half year to 31 December 2010 are expected to be more or less in line with the previous comparable period. The operating margin is expected to remain within the range 5,0% to 7,5%.

Compared to the previous half year to 31 December 2009, the Group expects a significant increase in finance costs and a net loss on planned discontinued operations. This will result in a decline in diluted earnings per share of between 10% and 15%. Continuing diluted headline earnings per share is expected to remain within 5% of the previous comparable period. Given the difficult short-term trading conditions outlined above and ongoing uncertainty with the resolution of major projects, further guidance on the Group`s prospects for the full year to 30 June 2011 will be provided on publication of the half-year results on or about 23 February 2011.

The above financial information has not been reviewed or reported on by the Group`s external auditors.

Bedfordview
27 October 2010

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Deutsche Securities (SA) (Pty) Ltd